



REPORT TO: Council Meeting

DATE OF MEETING: 28th September 2006

REPORT OF: Assistant Chief Executive

SUBJECT: Response to Audit Commission Framework for Comprehensive Performance Assessments from 2006

ITEM NUMBER: 9

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is for members to understand the new process for seeking re-categorisation under Comprehensive Performance Assessment and what the application ought to include.
- 1.2 A consultation document setting out proposals and **entitled “CPA – district council framework from 2006”** was published by the Audit Commission at the end of April. Responses were required by the end of May 2006. The council considered this at the council meeting in May and submitted its response within the deadline.
- 1.3 The Commission published final proposals in July and subsequent guidance in August. The Framework is largely as set out in the consultation paper. As a result the council has an opportunity to chose when it submits and application for re-categorisation and what the application should include.
- 1.4 Members are recommended to:
- (i) Agree to pursue an application for re-categorisation by the October 2nd deadline
 - (ii) Agree to the content of the application outlined in Appendix 1 of the report subject to any final amendments being delegated to the Assistant Chief Executive.

2. CONSULTATION

- 2.1 The Chief Executive, Directors and Executive, have been consulted on the report on the proposed response and views taken into account.
- 2.2 No other consultations were considered possible at this stage including external consultations or engagement in view of the limited timescales in preparing the briefing paper and the response..

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The future of Comprehensive Performance Assessment (CPA) is of significant importance to the future of the council. The council has made significant progress since it was judged to be 'poor' in March 2004.
- 3.2 While the Corporate Plan does not specifically target CPA as one of the seven priorities CPA is relevant to all of the council's activity. The new corporate plan to be published in June sets out its vision to achieve at least a Fair CPA judgement in 2007 (page15) and includes a specific proposal to approach the new framework. **Customer Excellence 1** On page 93 of the Corporate Plan sets out the intention, milestones and measures. So far achievement of this proposal is on target.

4. IMPLICATIONS

4.1 Financial implications and Value for Money

While there are no immediate financial implications to this report the form of CPA architecture chosen will have an impact on resources. As addressing the process is built into the Corporate Plan and the Corporate Development Units service plan, and thus the Medium Term Financial Strategy most costs ought to be within existing budgets. There may be a cost to any external peer challenge the council may engage in support of a future self assessment and decisions on this will need to be taken if this arises The Audit Commission have chosen an option which will have the least impact on the council than other potential options put forward last September. Indeed the chosen option is less resource intensive than the specific option supported by the council in November 2005. From a value for money point of view the community will benefit from a council which is no longer subject to intervention. Freedom from special measures will assist in the redirection of corporate effort. The view is taken that by supporting the recommendations the council will be improving value for money

4.2 Legal

There are considered to be no legal issues of significance arising out of this report.

4.3 Personnel

While there are no specific human resource implications to this report the form of CPA architecture chosen will have an impact on resources. The Audit Commission have chosen an option which will have the least impact on the council than other potential options put forward last September. Indeed the chosen option is less resource intensive than the specific option supported by the council in November 2005. There will need to be corporate focus on the process, production of a self assessment and inspection if members chose to apply for re-categorisation.

4.4 Other Services

CPA clearly relates to all Services within the Council and has implications for improvement in Service Delivery. Such an impact will not be fully known until a decision on any application is made and a timescale for inspection is provided by the commission..

4.5 Diversity

There is no direct issue of equality and diversity arising from this report. The Councils commitment to equality and diversity will be a significant part of the new CPA process.

4.6 Risk

There are risks in the nature of the options that are under consideration. These depend on the option that is chosen. While there is only a limited amount of resource needs to be committed to the submission of an application for re-categorisation, significant amount of resources will be required if the application is successful. As indicated above, this has been established in the corporate plan as part of risk management. There is a risk to whether the application is successful or not. If it is unsuccessful then the impact would initially mean a delay of 5 months before a further application can be made. In particular there are elements of the council's performance in term of extent of BVPI improvement and the Value for Money score in last years Use of Resources judgement which could impact on the success of an application in October. Should the application be successful then the key risk is whether the council is in a position to prove that it has significantly improved in the light of the new structures and Key Lines of Enquiry. Undertaking an assessment too early may not lead to any improvement in judgement with the possibility that the council could be categorised as poor for a further two or three years. It is felt that the risk of this happening is not high. In developing the report and the recommended consultation report such risks have been taken into account. A formal risk assessment forms a background paper.

4.7 Crime and Disorder

It is not felt there are any specific implications of the report on Crime and Disorder.,

4.8 Other Implications

All other corporate implications have been taken into account. In terms of consultation the council will publicise its decisions and action in District News, on the website and through media engagement. It will also engage partners and the community in the process of corporate assessment.

5. **BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL**

5.1 In June 2005, the Audit Commission published its new framework for CPA in single tier and county councils, "CPA: The Harder Test". This followed two consultation periods in January 2004 and December 2004-February 2005. During the consultation it became apparent that the Audit Commission's thinking about District CPA was not so well developed, and this resulted in the publication of a separate consultation document on 6th September 2005. Entitled "The framework for Comprehensive Performance Assessment of district councils from 2006", the document outlined a range of options for the future assessment of District Councils. Once agreed, the chosen approach was intended to be in operation until March 2009. the council responded by 30th November 2005 as a result of a detailed report considered by Council on 24th November 2005. a further consultation document setting out proposals and entitled "**CPA – district council framework from 2006**" was published at the end of April. Responses were required by the end of May. The council considered this at the council meeting in May and submitted its response within the deadline..

5.2 The Audit Commission have published their final proposals in July 2006. the proposals largely follow the framework which was subject to the consultation. The key components of the new framework are as follows;

- all district councils will continue to receive annual Use of Resources and Direction of Travel statements;
- there will be a risk based approach to inspection with a focus on deteriorating, or poor or weak councils;
- there will be an application process to regional panels for re-categorisation;
- evidence of service performance information, Direction of Travel Statements and Use of Resources assessment will inform the Panel decision which will solely be based on whether there is a likelihood that there will be category change on formal assessment;

- a corporate assessment based on three key questions and five themes will be undertaken
- this will be based on a self assessment followed by an Inspection;
- there will be no peer challenge
- inspection teams will be smaller and will have a council peer as part of the inspection team

5.3 In a nutshell the Audit Commission have decided that they are to progress a revised CPA process which was supported by the council in principle following the September 2005 and April 2006 consultation. The application process appears straight forward. Guidance was produced in August. This suggests that an application will be no longer than three A4 sides and be aimed at signposting the Panel to evidence of significant improvement. Sources of evidence will be Direction of Travel statements, Annual Audit letters, Use of Resources judgements, guidance from relationship Managers and evidence from Government Office Lead Officials. In making an application the council would need to show evidence of significant improvements from CPA weaknesses and in priority areas as well as the impact of these. The application ought not concentrate on Key Lines of Enquiry.

5.4 Chester-le Street was categorised as 'poor' in the last round of Comprehensive Performance Assessment in March 2004. It has made substantial changes and improvements. The recent Progress Reports and Direction of Travel assessments by the Audit Commission have shown that the council is making good progress against its 2004 judgement. It is hoped that recent service inspections will achieve positive results and there are signs of sustained improvement in performance indicators. It is important for the organisation and our community that the council secures re-categorisation as soon as possible. There are a number of opportunities to make an application and key dates for submission are 2nd October 2006, 1st February 2007 and then every four months over the next two years. The guidance suggests that where applications are successful priority for early assessment will be given to deteriorating councils. However clarification was given by the Audit Commission's Cate McDonald at a recent Audit Commission event that there would be no such distinction. The council must carefully consider whether it is a position to make a successful application and is geared up to an early self assessment and inspection. There are a number of options

Option 1 – Council considers that it is not ready and declines to make an application at all

5.5 This would perpetuate the council's poor category, would not be in the council's, its partners and the communities interests. It would be contrary to the council's corporate plan and would not find favour with the Audit Commission or Monitoring Board. It is not felt that this is an option the council should follow.

- Option 2 – The council considers that it is not quite yet ready either to make a formal application and improve its category following inspection**
- 5.6 This option would involve waiting until February 1st, at least to make an application. There is some merit in this option as it would give more time for information that may help a successful application to be available. Examples of this are that the second Use of Resources Statement would be available which hopefully would improve the councils position on value for money as well as audited 2005/2006 Best Value Performance indicators which are likely to better show the councils extent of improvement as compared with the 2004/2005 figures which the Panels are advised to use. As a result the application would be much ‘cleaner’ and more robust. This option would also give the council more time to ensure prepare for an inspection which would provide the desired result, that is at least a fair judgement following inspection. This option would largely comply with the Corporate Plan although changes to milestone dates would need to be changed to reflect the submission dates chosen.

- Option 3 – The council considers that it is ready to make a formal application which has strong likelihood of success and improve its category following inspection and therefore submits an application to the Regional Panel by 2nd October 2005**
- 5.7 There is no doubt that the council has a strong appetite for an early inspection. The feedback received from Monitoring Board and Audit Commission has been encouraging. While there are some areas where improvement is required it is felt that there is sufficient evidence in the Audit Commission’s Progress Assessment Report, Annual Audit and Inspection Letter for 2004/2005 and performance tool to submit an application which is felt to still have a strong chance of success. While there remains some immediate doubt over audited value for money work and the use of 2004/2005 Best Value Performance Indicators on balance it is felt that a sound application can be submitted. Work has been ongoing on assessing the key lines of enquiry and developing and implementing an action plan In order to maximise the benefits to a self assessment and inspection. The council has also learned from its recent Environmental Services Inspections to help it prepare for a corporate assessment. In order to achieve the council’s ambitions it is felt that this is the option that should be chosen.

- 5.8 Should Members wish to resolve to accept Option 3 a proposed application has been prepared and is attached as Appendix 1.

6. **RECOMMENDATIONS**

- 6.1 Members are recommended to

- (i) Agree to pursue an application for re-categorisation by the October 2nd deadline

- (iii) Agree to the content of the application outlined in Appendix 1 of the report subject to any final amendments being delegated to the Assistant Chief Executive.

7. **BACKGROUND PAPERS / DOCUMENTS REFERRED**

- 7.1 CPA: The Harder Test. Audit Commission June 2005
7.2 The framework for Comprehensive Performance Assessment of district councils from 2006 Audit Commission September 2005
7.3 Report of Assistant Chief Executive to Council on 24th November 2005
7.4 CPA – district council framework from 2006 Audit Commission April 2006
7.5 Final Proposals Document Audit Commission July 2006
7.6 Regional Panel Guidance Audit Commission August 2006
7.7 Risk assessment September 2006

Ian Forster
Assistant Chief Executive
6th September 2006
Version 1.0

Ian Forster Tel 0191 3872130 e mail IanForster@chester-le-street.gov.uk